

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

Notice of Market-Dominant
Price Adjustment

Docket No. R2013-10

CHAIRMAN'S INFORMATION REQUEST NO. 8

(Issued October 30, 2013)

To clarify the Postal Service's planned market dominant price adjustments in its Notice of Market Dominant Price Adjustment, filed September 26, 2013 (Notice), the Postal Service is requested to provide written responses to the following questions. Answers should be provided no later than November 5, 2013.

1. In response to CHIR No. 4, question 3, parts c and d, the Postal Service states that data are not available to disaggregate residual pieces into "uniform" 1-ounce presort mailings, "uniform" 2-ounce presort mailings, and "mixed" presort mailings for the hybrid year of Q4 FY2012 to Q3 FY2013. Please refer to Docket No. MC2013-30, Response of United States Postal Service to Chairman's Information Request No. 1, CAPCALC-FCM-R2013-ChIR1.xls, workbook tab "SP Residual Detail."
 - a. Please confirm that workbook tab "SP Residual Detail" contains separate volumes for residual pieces from "uniform" 1-ounce presort mailings, "uniform" 2-ounce presort mailings, and "mixed" presort mailings for the hybrid year of Q4 FY2011 to Q3 FY2012.
 - b. Please provide the source of the data in workbook tab "SP Residual Detail."

- c. Please confirm that similar data are not available for the hybrid year of Q4 FY2012 to Q3 FY2013.
 - d. If part c is confirmed, please explain why such data are no longer available and confirm that the distribution of residuals in workbook tab “SP Residual Detail” is an appropriate proxy for the volume of residuals that are from “uniform” 1-ounce presort mailings, “uniform” 2-ounce presort mailings, and “mixed” presort mailings for the hybrid year of Q4 FY2012 to Q3 FY2013.
 - e. If part d is confirmed, please provide updated First-Class Mail workpapers that reflect the change in the rates for residual 2-ounce letters from “uniform” 2-ounce presort mailings using the percentage of residuals in each category in “SP Residual Detail” to distribute the residual volume for the hybrid year of Q4 FY2012 to Q3 FY2013.
 - f. If part c is not confirmed, please provide the available data for the hybrid year of Q4 FY2012 to Q3 FY2013 and revise the First-Class Mail workpapers to reflect the change in the rates for residual 2-ounce letters from “uniform” 2-ounce presort mailings.
2. In response to CHIR No. 4, question 3, the Postal Service states that the proposed residual single-piece rate structure applies solely to residual pieces derived from “mixed” presort mailings. The Postal Service also states that residual pieces from “uniform” 1-ounce and 2-ounce mailings will pay the Metered letter rate.
- a. Please confirm that the Mail Classification Schedule (MCS) language for Single-Piece Residual Machinable Letters does not reflect the requirement that the rates apply solely to residual pieces derived from “mixed” presort mailings. See Notice, Attachment A at 4. If not confirmed, please explain.

- b. Please confirm that the following MCS language accurately reflects the Postal Service's proposed residual single-piece rate structure. If not confirmed, please explain.

Single-Piece Residual Machinable Letters

Maximum Weight (ounces)	Residual Machinable Letters (\$)
1	0.48 ¹
2	0.48 ¹
3	0.86
3.5	1.06

1. This price applies only to residual machinable letters derived from a mixed weight presort mailing. Single-piece machinable metered letter rates apply to residual letters derived from uniform one-ounce and uniform two-ounce presort mailings.

3. Please confirm that the following MCS language would accurately describe the requirements for the Stamped and Metered Letter price categories:

1105.3 Price Categories

The following price categories are available for the product specified in this section:

- Machinable Stamped Letters – Bear a non-cancelled stamp or postage validation imprint (PVI) indicia
- Machinable Metered Letters – Bear postage affixed by meter, information-based indicia (IBI), permit imprint, or pre-cancelled stamp
- Nonmachinable Stamped Letters – Stamped letters that either ~~either~~ have an aspect ratio that does not fall between 1 to 1.3 and 1 to 2.5 inclusive or do not meet other machinability requirements
- Nonmachinable Metered Letters – Metered letters that either have an aspect ratio that does not fall between 1 to 1.3 and 1 to 2.5 inclusive or do not meet other machinability requirements
- Qualified Business Reply Mail (QBRM) Letters

- Residual Machinable Letters
 - Postcards
 - Qualified Business Reply Mail (QBRM) Postcards
4. Refer to the Notice at Attachment A, entitled “Changes to Mail Classification Schedule”.
 - a. For Inbound Letter Post, the Postal Service proposes to delete section 1130.1(b), the text of which states that inbound international mail matter “containing personal information, partially or wholly hand-written or typewritten matter, or bills or statements of account must be mailed” using Inbound Letter Post or Inbound Priority Mail Express International service. Please explain the rationale for deleting section 1130.1(b), and the effect (if any) on competitors to the Postal Service of deleting this section.
 - b. Please identify any other proposed changes to text of the MCS affecting Outbound Single-Piece First-Class Mail International and, other than deleting section 1130.1(b), Inbound Letter Post and discuss the rationale for any substantive changes.
 5. On page 16 of the Notice, the Postal Service states that it intends “to require the previously optional FSS preparation for all flat-shaped mail pieces destinating in FSS zones.” Please confirm that the FSS preparation requirement will apply to First-Class Mail Flats. If not confirmed, please explain.
 6. Please refer to the Postal Service’s Response to CHIR No. 3, question 3, filed October 28, 2013.
 - a. Please confirm that if presorted flat-shaped mail for First-Class, Standard Mail, Periodicals, and Package Services does not meet the new FSS preparation requirements, and the mailer chooses not to withdraw the mailing, the mail pieces will be subject to the First-Class single-piece flats price. If not confirmed, please explain and provide examples of what

prices mailers will pay if they do not meet FSS preparation requirements, and mailers choose not to withdraw the mailing.

- b. Please confirm that FSS Scheme bundles can include pieces from different mail classes and mail products. If not confirmed, please explain. If confirmed, and an FSS Scheme bundle includes 5-digit Standard Mail and Carrier Route Standard Mail, will the Carrier Route pieces pay the Standard Mail Flats FSS Scheme rate or the lower Carrier Route FSS Scheme rate?
 - c. Did all mail processed on the FSS in the billing determinants year meet the FSS preparation requirements? Please explain.
 - d. In the billing determinant year, was some mail that met the FSS preparation requirements and was presented at an FSS zone not processed on the FSS? Please explain.
7. The following refers to a recent *Federal Register* notice announcing a proposed rule to revise the Domestic Mail Manual. 78 FR 63915 (October 25, 2013). In it, the Postal Service proposes a “Live Animal Transportation Fee.”
- a. Please confirm that the proposed Live Animal Transportation Fee is included in Docket No. R2013-10.
 - b. If part “a” is confirmed, please identify where in Docket No. R2013-10 the fee is proposed.
 - c. If part “a” is not confirmed, please identify when the Postal Service proposes to introduce the fee.
8. Among the proposed changes to MCS language contained in Attachment A, the Postal Service proposes to remove barcode discounts currently available to presorted and nonpresorted automation compatible BPM Flats. Notice, Attachment A at 73, 76.

- a. Please confirm that these discounts are currently available for presorted and nonpresorted automation compatible BPM Flats. If not confirmed, please explain.
 - b. Please provide the planned discontinuance date for the discounts.
 - c. Please explain the Postal Service's rationale for discontinuing the discounts.
- 9. On page 30 of the Notice, the Postal Service states that "[t]here will be no FSS pricing for DDU destination entry" for BPM Flats. In response to CHIR No. 3, question 4, the Postal Service states that BPM Flats have "the same prices for FSS preparation mail as for other mail, so volumes do not need to be disaggregated."
 - a. Please confirm that FSS BPM Flats currently receiving the DDU discount will pay the DSCF rate under the Postal Service's proposal. If not confirmed, please explain.
 - b. Please provide the hybrid year Q4 FY2012 to Q3 FY2013 volumes for BPM Flats receiving the DDU discount, disaggregated between FSS and non-FSS. Please also provide a revised cap calculation spreadsheet reflecting the new rate to be paid by FSS BPM Flats entered at the DDU.

By the Chairman.

Ruth Y. Goldway